



Disaster on the Horizon: The Price Effect of Sea Level Rise

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Homes exposed to sea level rise (SLR) sell for approximately 7% less than observably equivalent unexposed properties equidistant from the beach. This discount has grown over time and is driven by sophisticated buyers and communities worried about global warming. Consistent with causal identification of long horizon SLR costs, we find no relation between SLR exposure and rental rates and a 4% discount among properties not projected to be flooded for almost a century. Our findings contribute to the literature on the pricing of long-run risky cash flows and provide insights for optimal climate change policy.

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